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FISCAL IMPACT STATEMENT

LS 7350

BILL NUMBER: SB 578

NOTE PREPARED: Jan 7, 2007

BILL AMENDED:

SUBJECT: Riverboat Operations.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill requires the Gaming Commission to adopt rules to implement a wagering structure that imposes a daily \$500 loss limit on riverboat patrons. The bill prohibits owners and operating agents of riverboats from installing automated teller machines on board riverboats. It provides that an owner or operating agent may not accept the use of a credit card by a patron to initiate a consumer transaction to pay for tokens, chips, or electronic cards used for wagering on board a riverboat. It also limits the amount of credit that an owner or operating agent may extend to a patron to \$500.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The bill prohibits installation of ATMs on riverboat casinos, and imposes restrictions on riverboat owners relating to extending lines of credit to casino patrons and accepting credit cards to pay for gaming tokens, chips, or cards. The bill also imposes a \$500 per day loss limit on riverboat casino patrons and requires the Indiana Gaming Commission (IGC) to adopt rules to implement the loss limit by January 1, 2008. These provisions will result in additional administrative responsibilities for the IGC. The fiscal impact that might arise from these new responsibilities is indeterminable. However, any additional expenses would be paid from Riverboat Wagering Tax revenue annually appropriated to IGC for administrative purposes. (Note: Current statute provides that sufficient funds are annually appropriated to the IGC from Riverboat Wagering Tax revenue deposited in the State Gaming Fund to administer the riverboat gambling laws.) In FY 2006, this distribution totaled about \$2.4 M.

The provisions of the bill are as follows:

(1) The bill prohibits a riverboat casino owner or the operating agent of the French Lick casino from

installing an ATM on board a riverboat casino.

(2) The bill prohibits the aggregate amount of outstanding credit extended to a patron by a riverboat owner or the operating agent of the French Lick casino from exceeding \$500.

(3) The bill prohibits a riverboat owner or the operating agent of the French Lick casino from accepting the use of a credit card by a patron to pay for tokens, chips, or electronic cards used for wagering on board a riverboat casino.

(4) The bill provides that wagering on riverboat casinos is subject to a maximum loss limit of \$500 per individual patron per day. The bill also requires the IGC to adopt rules to implement the loss limit by January 1, 2008.

Explanation of State Revenues: The provisions of the bill (described above in (1) to (4)) could potentially reduce wagering by casino patrons and casino visitation by patrons. Any reduction in wagering by casino patrons would affect revenue from the Riverboat Wagering Tax. Reductions in casino visits would affect collections of the Riverboat Admission Tax. The extent of this potential impact is unknown at this time, but will be updated if relevant information or research on this subject is obtained. In the event the bill reduces Wagering Tax revenue or Admission Tax collections it would ultimately affect revenue flowing to the Property Tax Replacement Fund (PTRF).

The Riverboat Wagering Tax is imposed on the adjusted gross wagering receipts (total wagers minus winnings paid out) derived by the casino owner. Approximately \$95.0 M in revenue is annually distributed to certain cities and counties where the riverboat casinos are located. The remainder of the revenue is distributed to the IGC for administrative cost (\$2.4 M in FY 2006); the PTRF (\$497.6 M in FY 2006); the Build Indiana Fund (\$92.3 M in FY 2006); and local revenue sharing (\$33.0 M annually). In addition, local units and state agencies that receive Admission Tax revenue are guaranteed the distribution amount received in FY 2002. Annual shortages are replaced by Wagering Tax revenue transferred to these entities from the PTRF. Thus, any reduction in Admission Tax collections will increase transfers out of the PTRF for Admission Tax replacement. Admission Tax replacement payments totaled about \$45.1 M in FY 2006.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Gaming Commission; Property Tax Replacement Fund.

Local Agencies Affected:

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations: FY 2006.*

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